REMARKS

This amendment is submitted in response to the outstanding Final Office Action mailed March 17, 2010 and is accompanied by a Request for Continued Examination. In view of the above claim amendments and the following remarks, reconsideration by the Examiner and allowance of the application is respectfully requested.

Claim 1 is amended to more particularly point out and distinctly claim the subject matter Applicant regards as the invention. In particular, Claim 1 is amended to remove the computer-based method steps objected to by the Examiner, and to require financing obtained by borrowing against the value of the first portfolio of securities to be an amount between about 50% and about 100% of the value of the securities. The added limitation was recited in Claim 8 as originally filed, which is now cancelled, and does not introduce new matter.

Instead, for reasons that are submitted below, the claims are believed to be in condition for allowance. The amendments are believed to resolve the concerns raised by the Examiner. Accordingly, reconsideration is respectfully requested.

Turning to the Office Action, the Examiner has rejected all claims under 35 U.S.C. §101 as being directed to non-statutory subject matter because the method is insufficiently tied to a statutory machine or apparatus and therefore is not a patent-eligible process. This rejection is respectfully traversed in view of the above amendment to Claim 1 for the reasons set forth hereinafter.

"The machine or transformation test is not the sole test for deciding whether an invention is a patent eligible 'process.'" *Bilski v. Kappos*, 561 U.S. ___ (2010), citing *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972) and *Parker v. Flook*, 437 U.S. 584, 588 (1978). Furthermore, 35 U.S.C. §101 precludes the broad contention that the term "process" categorically excludes business methods. *Id.* Nevertheless, a business method claim is not directed to a patentable process under 35 U.S.C. §101 when it attempts to patent an abstract idea. *Id.,* citing *Benson, Flook* and *Diamond v. Diehr,* 450 U.S. 175 (1981).

Claim 1 is amended to remove the language added tying the method a machine to

transform investment portfolios in a way that requires the machine to perform extra-solution activity. What remains is language reciting a method that does more than attempt to patent an abstract idea. Instead, the claim extends the basic concept of borrowing money to buy commercial real estate to a tangible process of building a portfolio of commercial real estate investments by purchasing the real estate on an all cash basis and raising the cash to do so by borrowing against a separate portfolio of collateralizable securities in an amount between about 50% and about 100% of the value of the securities portfolio. As such, the claims are directed to a concrete application of a theoretical concept and meet the requirements for statutory subject matter under 35 U.S.C. §101 as interpreted by the Supreme Court in *Bilski v. Kappos*.

By amending Claim 1 in this manner, this rejection under 35 USC §101 has thus been overcome. Reconsideration by the Examiner and withdrawal of this rejection is respectfully requested.

Next, the Examiner has rejected all claims under 35 U.S.C. §112, second paragraph as indefinite for failing to particularly point out and distinctly claim the subject matter Applicant regards as the invention. The Examiner considered the step of "tracking market conditions that effect market conditions" to be "indefinite in scope as to what the meaning of effect is." The step of determining based on returns, market conditions and borrowing criteria and investment thresholds whether to distribute income, borrow more against the first investment portfolio or use income to reduce debt was considered by the Examiner to be vague and indefinite as to the underlying algorithm. This rejection is respectfully traversed in view of the above claim amendments for the following reasons.

Nowhere in Claim 1 does the word "effect" appear. Accordingly, the rejection based on this term being indefinite should be withdrawn. In any event the method steps objected to by the Examiner have been deleted by amendment. By amending Claim 1 in this manner this rejection under 35 U.S.C. §112, second paragraph has thus been overcome. Reconsideration by the Examiner and withdrawal of this rejection is therefore respectfully requested.

Finally, the Examiner has rejected all claims under 35 U.S.C. §112, first paragraph as

failing to comply with the enablement requirement. In particular, the Examiner considered the algorithm for the step of determining based on returns, market conditions and borrowing criteria and investment thresholds whether to distribute income, borrow more against the first investment portfolio or use income to reduce debt to be non-enabled. This rejection is respectfully traversed in view of the above claim amendments for the following reasons.

The method step objected to by the Examiner has been deleted by amendment. By amending Claim 1 in this manner this rejection under 35 U.S.C. §112, first paragraph has thus been overcome. Reconsideration by the Examiner and withdrawal of this rejection is therefore respectfully requested.

Accordingly, in view of the above claim amendments and remarks, this application is in condition for allowance. Reconsideration is therefore respectfully requested. However, the Examiner is requested to telephone the undersigned if there are any remaining issues in this application to be resolved.

Finally, if there are any additional charges in connection with this response, the Examiner is authorized to charge Applicant's Deposit Account No. 50-1943 therefor.

Respectfully submitted,

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